

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RECEIVED

AUG 4 4 04 PM '00

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF
THE RECORDING INDUSTRY ASSOCIATION OF AMERICA
(RIAA/USPS-1)

The United States Postal Service hereby provides its response to the following interrogatory of the Recording Industry Association of America: RIAA/USPS-1, filed on July 24, 2000.

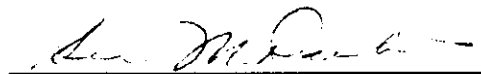
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990 Fax -5402
August 4, 2000

Response of United States Postal Service
to
Interrogatories of RIAA

RIAA/USPS-1. The costs of mail processing associated with Special Standard (B) mail appear to have changed as follows:

	1998	1999	Percent Change
Mail Processing Cost PRC Method [1]	\$83,646,000	\$122,431,000	46.4%
Mail Processing Cost USPS Method [2]	\$61,440,000	\$116,164,000	89.1%
Pieces [3]	191,093,000	200,404,000	4.9%
Weight in pounds [3]	308,191,000	309,918,000	0.6%
Cubic Feet	28,342,000	28,763,000	1.5%

(1) 3.1 from Cost Segments and Components – PRC Version, 1998 and 1999.

(2) 3.1 from Cost Segments and Components – 1998 and 1999.

(3) Cost and Revenue Analysis – PRC version, 1998 and 1999.

Please explain your understanding of the causes in the differences between these costs.

Response:

The cause for the differences between these costs is that the table compares FY98 to FY99 instead of BY98 to FY99, which is the appropriate apples-to-apples comparison to make. Making an appropriate comparison, the results of the USPS method are more similar to those of the PRC method. The appropriate numbers are provided in the following table:

Response of United States Postal Service
to
Interrogatories of RIAA

	BY1998	1999	Percent Change
Mail Processing Cost PRC Method [1]	\$83,658,000	\$122,431,000	46.3%
Mail Processing Cost USPS Method [2]	\$80,866,000	\$116,164,000	43.6%

(1) 3.1 from Cost Segments and Components – PRC Version, BY98 and FY99.

(2) 3.1 from Cost Segments and Components – USPS Version BY98 and FY99.

The costs for Special Standard increased between base year 1998 and fiscal year 1999 primarily due to an increase in Special Standard direct tallies. A change in the endorsement requirements for Special Standard in FY 1999 may have resulted in improved identification.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in cursive script, appearing to read "Susan M. Duchek", is written over a solid horizontal line.

Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990 Fax -5402
August 4, 2000